



# Department of Justice

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## **FORMER NEW YORK CITY FOOD COMPANY EXECUTIVE RECEIVES RECORD PRISON TERM FOR ANTITRUST CRIMES**

### **Executive will also Pay \$2.2 Million In Restitution to Public and Not-For-Profit Victims**

WASHINGTON, D.C. -- Melvyn Merberg, a former New York City food company executive, was sentenced today to serve a record 63 months in prison for his role in multi-million dollar bid rigging, fraud, and tax conspiracies, the Department of Justice announced. The sentence--the longest prison term in a case prosecuted by the Department's Antitrust Division--was imposed in U.S. District Court in Manhattan by Judge Laura Taylor Swain.

Merberg, of Manhattan, the former president of Queens, New York food distributor Jitney Ltd., also was ordered to pay a total of \$2.2 million in restitution to 138 victims, which include the New York City Department of Citywide Administrative Services (DCAS); the Nassau County (NY) Department of General Services (Nassau DGS); the Newark (NJ) Public Schools; Odyssey House Inc. (Odyssey House), a Manhattan drug rehabilitation center; and numerous not-for-profit social service organizations in the New York area. Merberg will also file accurate amended tax returns and pay an estimated \$2 million in back taxes, penalties, and interest.

"This record prison sentence sends a powerful message to others about the risks of engaging in bid rigging and fraud," said Charles A. James, Assistant Attorney General in charge of the Antitrust Division.

On April 5, 2001, Merberg pleaded guilty to participating in four separate schemes to rig

bids for the supply of produce, dairy products, frozen vegetables, and other related items to DCAS, the Nassau DGS, the Newark Public Schools, and Odyssey House. Additionally, he pleaded guilty to one count of conspiring to defraud Odyssey House of more than \$1 million in a kickback and phony billing scheme, one count of conspiring to defraud more than 100 other Jitney Ltd. customers in a kickback and phony billing scheme, and one count of conspiring to violate various federal tax laws.

DCAS is the agency that conducts competitive bidding on behalf of other New York City entities, including those that run the municipal hospitals and jails. Nassau DGS performs a similar function for Nassau County agencies. The Jitney Ltd. customers victimized by the fraud were primarily not-for-profit social service organizations located in New York City, such as substance abuse treatment facilities, senior centers, and day care and Head Start programs.

The case against Merberg arose from an ongoing investigation by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation, of bid rigging, bribery, fraud, and tax-related offenses in the food distribution industry. Merberg is the 17<sup>th</sup> food company executive sentenced to prison in connection with the investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the food distribution industry or concerning bid rigging on any government contract should contact the New York Field Office of the Antitrust Division at (212) 264-0679 or the New York Division of the FBI at (212) 384-3252.

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